

AMENDED IN ASSEMBLY SEPTEMBER 9, 2003

AMENDED IN ASSEMBLY JUNE 16, 2003

AMENDED IN SENATE MAY 6, 2003

**SENATE BILL**

**No. 566**

**Introduced by Senator Scott**

February 20, 2003

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An act to amend Sections 7251.1 ~~and 7251.2 of~~, 7285, and 7285.5 of, to add Chapter 2.3 (commencing with Section 7285.9) to Part 1.7 of Division 2 of, and to repeal Sections 7251.3 and 7251.4 of, the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 566, as amended, Scott. Transactions and use tax: maximum allowable rate.

Existing law authorizes various local governmental entities, subject to certain limitations and approval requirements, to levy transactions and use taxes in accordance with the procedures and requirements set forth in the Transactions and Use Tax Law.

Existing law provides that the combined rate of all transactions and use taxes imposed ~~by a district~~ in accordance with that law, in any county, may not exceed 1.5%, except in the County of San Mateo and the City and County of San Francisco.

~~This~~

*This bill would authorize any city to levy, increase, or extend a transactions and use tax in accordance with the Transactions and Use Tax Law. This bill would provide that, ~~in the case of Los Angeles County,~~ the combined rate of transactions and use taxes in any county may not exceed 2%.*

~~This bill would make legislative findings and declarations as to the necessity of a special statute.~~

~~This bill would state the Legislature's intent in this bill to allow Los Angeles County to impose a transactions and use tax for the exclusive purpose of funding public safety projects and trauma centers. This bill would make conforming changes to related provisions.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Section 7251.1 of the Revenue and Taxation Code is amended to read:

7251.1. The combined rate of all taxes imposed in accordance with this part in any county may not exceed ~~4.5~~ 2 percent. No tax shall be considered to be in accordance with this part if, upon its adoption, the combined rate in the county will exceed ~~4.5~~ 2 percent.

~~SEC. 2. Section 7251.2 of the Revenue and Taxation Code is amended to read:~~

~~7251.2. (a) Notwithstanding any other provision of law, in the case where the local transactions and use tax measures specified in subdivision (b) are both approved by the voters of the County of Los Angeles at the November 6, 1990, general election, and both measures are otherwise valid, the rate of each tax thereby imposed shall be set, for purposes of compliance with the 1 percent limitation of Section 7251.1, at one-fourth of 1 percent. If the limitation of Section 7251.1 is increased, the amount of the increase shall, on the date the increase is operative, be equally apportioned to increase the rate of each tax imposed by the measures specified in subdivision (b), up to a rate not to exceed one-half of 1 percent for each tax.~~

~~(b) Subdivision (a) shall apply only to the local transactions and use tax measures, to be submitted to the voters of the County of Los Angeles at the November 6, 1990, general election and popularly known as the following:~~

~~(1) "Los Angeles County Transportation Commission 1990 Fast Track Anti Gridlock Transit Improvement Proposition."~~

~~(2) "Local Communities Safety Act—Los Angeles County Regional Justice Facilities Financing Agency."~~

~~(c) Notwithstanding Section 7521.1, the combined rate of all taxes imposed in the County of Los Angeles pursuant to this part may not exceed a combined rate that is greater by one-half of 1 percent than the maximum combined rate allowed by Section 7251.1.~~

~~SEC. 3.—The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the uniquely difficult fiscal pressures being experienced by the County of Los Angeles in providing essential services and funding for county programs and operations.~~

~~SEC. 4.—It is the intent of the Legislature that the addition by this act of subdivision (c) to Section 7251.2 of the Revenue and Taxation Code allow the County of Los Angeles to impose a transactions and use tax for the exclusive purpose of funding public safety projects and trauma centers.~~

~~SEC. 2. Section 7251.3 of the Revenue and Taxation Code is repealed.~~

~~7251.3.—Notwithstanding Section 7251.1, the combined rate of all taxes imposed pursuant to this part in the County of San Mateo shall not exceed a rate that is 0.5 percent in excess of the maximum rate otherwise allowed under Section 7251.1, where revenues equal to the amount derived from that portion of the combined tax rate in excess of the maximum combined rate otherwise allowed under Section 7251.1 are allocated for the support of public elementary and secondary education in that county. Revenues from that excess tax rate shall not be expended in any manner that increases any entitlement to state funding on the part of any local educational agency.~~

~~SEC. 3. Section 7251.4 of the Revenue and Taxation Code is repealed.~~

~~7251.4.—Notwithstanding Section 7251.1, the combined rate of all taxes imposed pursuant to this part in the City and County of San Francisco shall not exceed a rate that is .25 percent in excess of the maximum rate otherwise allowed under Section 7251.1.~~

~~SEC. 4. Section 7285 of the Revenue and Taxation Code is amended to read:~~

~~7285. The board of supervisors of any county may levy, increase, or extend a transactions and use tax for general purposes at a rate of 0.25 percent or a multiple thereof, if the ordinance~~

1 proposing that tax is approved by a two-thirds vote of all members  
2 of the board of supervisors and the tax is approved by a majority  
3 vote of the qualified voters of the county voting in an election on  
4 the issue. The board of supervisors may levy, *increase, or extend*  
5 more than one transaction and use tax under this section, if the  
6 adoption of each tax is in the manner prescribed in this section. The  
7 transactions and use tax shall conform to Part 1.6 (commencing  
8 with Section 7251).

9 *SEC. 5. Section 7285.5 of the Revenue and Taxation Code is*  
10 *amended to read:*

11 7285.5. As an alternative to the procedure set forth in Section  
12 7285, the board of supervisors of any county may levy, *increase,*  
13 *or extend* a transactions and use tax for specific purposes. The tax  
14 may be levied, *increased, or extended* at a rate of 0.25 percent, or  
15 a multiple thereof, for the purpose for which it is established, if all  
16 of the following requirements are met:

17 (a) The ordinance proposing that tax is approved by a  
18 two-thirds vote of all members of the board of supervisors and is  
19 subsequently approved by a two-thirds vote of the qualified voters  
20 of the county voting in an election on the issue.

21 (b) The transactions and use tax conforms to the Transactions  
22 and Use Tax Law Part 1.6 (commencing with Section 7251).

23 (c) The ordinance includes an expenditure plan describing the  
24 specific projects for which the revenues from the tax may be  
25 expended.

26 *SEC. 6. Chapter 2.3 (commencing with Section 7285.9) is*  
27 *added to Part 1.7 of Division 2 of the Revenue and Taxation Code,*  
28 *to read:*

29  
30 *CHAPTER 2.3. CITIES TRANSACTIONS AND USE TAXES*  
31

32 7285.9. *The governing body of any city may levy, increase, or*  
33 *extend a transactions and use tax for general purposes at a rate of*  
34 *0.25 percent or a multiple thereof, if the ordinance proposing that*  
35 *tax is approved by a two-thirds vote of all members of that*  
36 *governing body and the tax is approved by a majority vote of the*  
37 *qualified voters of the city voting in an election on the issue. The*  
38 *governing body may levy, increase, or extend more than one*  
39 *transaction and use tax under this section, if the adoption of each*  
40 *tax is in the manner prescribed in this section. The transactions*

1 *and use tax shall conform to Part 1.6 (commencing with Section*  
2 *7251).*

3 *7285.91. As an alternative to the procedure set forth in*  
4 *Section 7285.9, the governing body of any city may levy, increase,*  
5 *or extend a transactions and use tax for specific purposes. The tax*  
6 *may be levied, increased, or extended at a rate of 0.25 percent, or*  
7 *a multiple thereof, for the purpose for which it is established, if all*  
8 *of the following requirements are met:*

9 *(a) The ordinance proposing that tax is approved by a*  
10 *two-thirds vote of all members of the governing body and is*  
11 *subsequently approved by a two-thirds vote of the qualified voters*  
12 *of the city voting in an election on the issue.*

13 *(b) The transactions and use tax conforms to the Transactions*  
14 *and Use Tax Law Part 1.6 (commencing with Section 7251).*

15 *(c) The ordinance includes an expenditure plan describing the*  
16 *specific projects for which the revenues from the tax may be*  
17 *expended.*

18 *7285.92. The authority of a city to impose transactions and*  
19 *use taxes under this chapter is in addition to any authority to*  
20 *impose these taxes contained in Chapters 2.6 (commencing with*  
21 *Section 7286.20) to 2.99 (commencing with Section 7286.80),*  
22 *inclusive, of this part. The authority of a city to impose*  
23 *transactions and use taxes under any provision of law is subject to*  
24 *the rate limitation specified in Section 7251.1.*

